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SUBJECT: LUKASHENKO'S ARMS DEALER BACK FROM MALTA?

REF: MINSK 696

Classified By: Ambassador Karen Stewart for reason 1.4 (d).

Summary

1. (C) A Minsk businessman claims suspected Belarusian arms dealer Vladimir Peftiyev just returned to Minsk permanently after several years residing in Malta. The move, if true, suggests Lukashenko may have transferred ill-gotten assets elsewhere. End summary.

Major Weapons Trader Returns to Minsk?

2. (C) Minsk businessman Mark Lvovich Chernyak told Acting Pol/Econ Chief on September 18 and 19 that Vladimir Pavlovich Peftiyev, the ex-husband of one of his employees, serves as an important moneyman for Lukashenko. (Note: Peftiyev headed the company Beltekheksport in the 1990s, supposedly reporting directly to Security Council Chief Viktor Sheyman. At the beginning of Lukashenko's reign, newspapers implicated Peftiyev in illicit weapons deals. End note.)

3. (C) Peftiyev, who Chernyak said is about 45 years old, resided in Malta for five to seven years and may have obtained dual citizenship. Once or twice a year Peftiyev would fly back to Minsk, where government security would meet him at the airport and escort him directly to the President's residence. According to Chernyak, even Peftiyev's children merit protection by government security.

4. (C) Chernyak said recently Peftiyev returned to Minsk permanently, enrolling his young children who don't speak Russian into a local daycare. His previous visit to Minsk was in February or March. Chernyak suggested Peftiyev's homecoming meant Lukashenko no longer maintained business dealings or bank accounts in Malta.

Comment: Money Coming Home, or Going Elsewhere?

5. (C) While Chernyak mused that the alleged Maltese money might now be salted away in Venezuela, no one knows the true source of money paid to privatize Veltelcom or smaller firms (reftel). If illicit Lukashenko-controlled funds really did leave Malta recently, they just as easily could have been repatriated to Belarus.

Comment Cont'd: Hell Hath no Fury Like a Merchant Scorned

6. (C) Chernyak said he wanted to help because Lukashenko and his cronies were ruining the country both politically and

economically. He also said the Presidential Administration forced him to hand over prime real estate in 2001. Despite this run-in with authorities, Chernyak still employs over 1,000 persons, but he could not help but explain that the de facto GOB seizure of his property deprived him of millions of dollars in rents every year. His anger rose when he mentioned that from his office in the Panorama building he can see Lukashenko's motorcade going to work at 9:00, and leaving for the hockey arena to call it a day as early as 3:00. While Lukashenko used to play hockey once a week, Chernyak says -- and others in Minsk have observed -- that the motorcade now visits the arena every workday.

Stewart